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Deputy to the Director of Central Intelligence
for Resource Management

Washington, D.C. 20505

DCI/RM 80-2022
9 October 1980

MEMORANDUM FOR: See Distribution

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SUBJECT: Community Working Group on Inflation ☐

25X1 The recent fluctuations in the inflation rate have raised concern over the techniques used by the various programs in the NFIP to adjust budget estimates to anticipated cost increases. A review of current procedures and possible revised approaches are needed to ensure the protection of future buying power.

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To accomplish this, we are establishing a community working group on inflation chaired by my associate deputy, ☐ The group's task is to:

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- o Identify aggregate cost categories that accurately summarize NFIP expenditures. These categories will be detailed only to the extent necessary to develop a unique NFIP "market basket".
- o Use appropriate forward pricing techniques for indexing these categories to inflation so that specific deflators may be included in fiscal guidance and budget development instructions.
- o Establish procedures for the routine exchange of inflation information. ☐

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This working group will meet for the first time within the next two weeks and will have June 1981 as a target for completion of its work. Jim will be contacting each of you to ask that you name a representative to the group, preferably at the comptroller or equivalent level. ☐

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